

**NORTHWEST IOWA COMMUNITY COLLEGE  
SHELDON, IOWA**

**Independent Auditors' Report  
Financial Statements and Supplemental Information  
Schedule of Findings and Questioned Costs**

**For the Fiscal Year Ended June 30, 2015**

# NORTHWEST IOWA COMMUNITY COLLEGE

## C O N T E N T S

	Page
Officials .....	1
Independent Auditors' Report .....	2 - 4
Management's Discussion and Analysis .....	5 - 11
<b><u>Financial Statements</u></b>	
Statement of Net Assets .....	12 - 13
Statement of Revenues, Expenses and Changes in Net Assets .....	14
Statement of Cash Flows .....	15 - 16
Notes to Financial Statements .....	17 - 35
<b><u>Required Supplementary Information</u></b>	
Schedule of Funding Progress .....	36
Schedule of the College's Proportionate Share of the Net Pension Liability .....	37
Schedule of the College Contributions .....	38
Notes to Required Supplementary Information – Pension Liability .....	39 - 40
<b><u>Other Supplementary Information</u></b>	
Notes to Other Supplementary Information .....	41 - 42
Budgetary Comparison Schedule of Expenditures – Budget and Actual .....	43
Note to Supplementary Budget Information .....	44
Balance Sheet .....	45 - 48
Schedule of Revenues, Expenditures and Other Changes in Fund Balances – Summary of Subgroups .....	49 - 52

# NORTHWEST IOWA COMMUNITY COLLEGE

## C O N T E N T S

	Page
<hr/>	
Unrestricted Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Education and Support .....	53 - 54
Schedule of Revenues, Expenditures and Changes in Fund Balance – Auxiliary Enterprises .....	55 - 56
Restricted Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance .....	57 - 58
Agency Funds:	
Schedule of Changes in Deposits Held in Custody for Others .....	59
Schedule of Expenditures of Federal Awards .....	60
Schedule of Credit/Contact Hour Enrollment .....	61
Comparison of Tax and Intergovernmental Revenues .....	62 - 63
Schedule of Current Fund Revenues by Source And Expenditures by Function .....	64 - 65
 <b><u>Compliance Section</u></b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	66 - 67
Independent Auditor's Report on Compliance for Each Major Program and Internal Control Over Compliance Required by OMB Circular A-133 .....	68 - 69
Part I: Summary of the Independent Auditors' Results .....	70
Part II: Findings Related to the Financial Statements .....	70
Part III: Findings and Questioned Costs for Federal Awards .....	70
Part IV: Other Findings Related to Required Statutory Reporting .....	71
Schedule of Prior Year Findings for Federal Awards .....	72

# NORTHWEST IOWA COMMUNITY COLLEGE

## OFFICIALS

---

NAME	TITLE	TERM EXPIRES
<b>Board of Directors</b>		
Cynthia Porter	Member	2017
Steve Loshman	Member	2017
Dr. Loretta Berkland	Member	2015
Leroy Van Kekerix	Member	2015
Stephen Simons	Member	2015
Larry Hoekstra	President	2017
Adam Besaw	Vice-President	2015
<b>Community College</b>		
Dr. Alethea Stubbe	President	
Dee Kreykes	Board Secretary	
Mark Brown	Vice President of Operations and Finance and Board Treasurer	

## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors of  
Northwest Iowa Community College  
Sheldon, Iowa

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Northwest Iowa Community College as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of Northwest Iowa Community College as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## **Emphasis of Matter**

As discussed in Note 14 to the financial statements, Northwest Iowa Community College adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis, the Schedule of the College's Proportionate Share of Net Pension Liability, the Schedule of College Contributions and OPEB Schedule of Funding Progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2014 (none of which are presented herein) and expressed unqualified/unmodified opinions on these statements. The other supplemental information on pages 41 through 65 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplemental information and the schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying

accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, other supplemental information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2015, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 14, 2015

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

Management of Northwest Iowa Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

### **2015 FINANCIAL HIGHLIGHTS**

- ◆ College operating revenues increased 0.8% or \$89,077 from fiscal year 2014 (FY 14). Gifts and contributions and special events reported an increase while tuition and fees, federal appropriations, Iowa industrial new jobs training, auxiliary, and miscellaneous revenue reported a decrease.
- ◆ College operating expenses decreased 4.9% or \$902,814 from fiscal year 2014 (FY 14). Adult education, student services, auxiliary enterprises, scholarships and grants, and depreciation and amortization reported an increase in expenses, while liberal arts and sciences, vocational technical, physical plant, cooperative services, administration, learning resources, and general institution decreased.
- ◆ The College's net position increased by \$3,040,379 from fiscal year 2014 (FY 14) after accounting for a prior period fund adjustment due to GASB 68. Contributing factors included an increase in Plant Funds, Foundation Fund and Unrestricted Fund.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The Basic Financial Statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information presents the College's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the individual funds. The Budgetary Comparison Schedule of Expenditures – Budget to Actual further explains and supports the financial statements with a comparison of the College's budget for the year. The Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the College.



## **REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES**

### *The Statement of Net Position*

The Statement of Net Position presents the financial information on all the College's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being reported as net position. The Statement of Net Position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Position includes year-end information concerning current and non-current assets, deferred outflows of resources, current and non-current liabilities, deferred inflows of resources and net position. Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net position. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

### **Net Position**

	June 30	
	2015	2014 (Not Restated)
Current Assets	\$ 25,172,430	\$ 24,743,751
Noncurrent Assets	25,268,561	24,566,754
Total Assets	50,440,991	49,310,505
Deferred outflows of resources	385,581	-
Current Liabilities	4,644,885	4,854,971
Noncurrent Liabilities	11,621,924	10,967,611
Total Liabilities	16,266,809	15,822,582
Deferred Inflows of Resources	2,894,327	2,538,416
Net Position		
Net Investment in capital assets	15,590,609	15,452,301
Restricted	5,091,117	3,810,074
Unrestricted	10,983,710	11,687,132
Total Net Position	\$ 31,665,436	\$ 30,949,507

### **Comparison of Net Position**

The largest portion of the College's net position (49.23%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The next largest portion of the College's net position (34.69%) is the unrestricted assets that can be used to meet the College's obligations as they come due. The restricted portion of the net position (16.08%) includes resources that are subject to external restrictions. The college's restricted portion of the net position shows an increase of \$1,281,043 compared to FY 14.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by \$2,324,450 to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contribution made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

### *Statement of Revenues, Expenses and Changes in Net Position*

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, the expenses incurred by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

In general, a public college, such as Northwest Iowa Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

#### **Changes in Net Position**

	June 30	
	2015	2014 (Not Restated)
Operating Revenues:		
Tuition and fees	\$ 3,898,930	\$ 4,046,091
Federal appropriations	1,725,066	1,898,994
Iowa Industrial New Jobs Training Program	669,347	1,164,982
Auxiliary	2,705,396	2,708,343
Special events	40,828	21,650
Gifts and contributions	1,936,240	1,023,560
Miscellaneous	117,735	140,845
Total operating revenues	11,093,542	11,004,465
Total operating expenses	17,537,240	18,440,054
Operating Loss	(6,443,698)	(7,435,589)
Non-operating revenues (expenses)		
State appropriations	6,997,917	5,792,288
Property tax	2,549,134	2,385,995
Interest income on investments	139,242	348,333
Gain on sale of capital assets	2,000	(7,738)
Rental of college facilities	27,459	28,565
Interest on indebtedness	(231,675)	(239,189)
Net non-operating revenues	9,484,077	8,308,254
Increase in net position	3,040,379	827,665
Net position beginning of year	30,949,507	30,076,842
Prior Period Adjustment	(2,324,450)	-
Net position end of year	\$ 31,665,436	\$ 30,949,507

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year, with an increase in the net position at the end of the fiscal year.

### Total Revenue by Source

In FY 15, operating revenues increased by \$89,077 (0.80%) as a net result of the following changes:

- ♦ Tuition and fees decreased by \$147,161 due to a decrease in credit hours.
- ♦ Federal appropriations decreased by \$173,928 due to the reduction in federal scholarships and grants.
- ♦ The Iowa Industrial New Jobs Training program decreased by \$495,635 due to a decrease in job training funding requests by area companies.
- ♦ The auxiliary revenues had a slight increase of \$2,947.
- ♦ The gifts and contributions increased by \$912,680. This is primarily the result of increased annual contributions to the Foundation for the new capital campaign during the current fiscal year.

### Total Expenses

	June 30	
	2015	2014 (Not Restated)
Education and support:		
Liberal arts and sciences	\$ 1,459,291	\$ 1,522,562
Vocational technical	4,108,206	4,161,552
Adult education	912,485	845,548
Cooperative services	761,290	1,265,218
Administration	795,186	864,519
Student services	1,109,822	1,088,988
Learning resources	221,736	224,312
Physical plant	1,511,061	1,800,929
General institution	1,882,769	2,045,887
Auxiliary enterprises	2,918,047	2,888,337
Scholarships and grants	440,059	327,775
Depreciation and Amortization	1,417,288	1,404,427
 Total Operating Expenses	 \$ 17,537,240	 \$ 18,440,054

In FY 15, operating expenses decreased by \$902,814 (4.9%). The following factors explain some of the changes:

- ♦ Vocational technical reported a decrease of \$53,346 in the current year.
- ♦ Physical plant reported a decrease of \$289,868 primarily due to a decrease in materials and services.
- ♦ Cooperative services reported a decrease in expenses of \$503,928 primarily due to a decrease in jobs training funding requests by area companies.
- ♦ General Institution reported decrease of \$163,118 primarily due to a decrease in salaries and services.

### Statement of Cash Flows

The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

#### Cash Flows

	June 30	
	2015	2014
Cash provided (used) by:		
Operating activities	\$ (8,064,203)	\$ (7,848,257)
Non-capital financing activities	8,930,021	8,970,156
Capital and related financing activities	(1,334,480)	(1,387,354)
Investing activities	132,634	(1,596)
Net (Decrease) in cash	(336,028)	(267,051)
Cash, beginning of the year	20,764,473	21,031,524
Cash, end of the year	\$ 20,428,445	\$ 20,764,473

Cash used by operating activities includes tuition, fees, operating grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, pell grant, local property tax received by the College and the receipt and disbursement of federal direct loan program proceeds. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.

### CAPITAL ASSETS

At June 30, 2015, the College had approximately \$38.6 million invested in capital assets, net of accumulated depreciation of \$17.2 million. Depreciation charges totaled \$1,417,288 for FY 15. Details of capital assets are shown below.

#### Capital Assets, Net, at Year-End

	June 30	
	2015	2014
Land	\$ 338,966	\$ 338,966
Buildings and Other Structures	28,041,679	27,725,615
Equipment	8,237,223	8,077,511
Software Development	412,457	412,457
Construction in Progress	1,538,296	868,651
Less Accumulated Depreciation	(17,238,210)	(15,912,502)
Total	\$ 21,330,422	\$ 21,510,698

The College has begun construction on an Applied Technology Building during the fiscal year ending June 30, 2015. The building is expected to cost \$4 million dollars. Construction should be completed in spring of 2016. Funding for the project will come from a combination of Accelerated Career Education funds, business and industry donations, and college dollars.

## **DEBT**

At June 30, 2015, the College had \$9.5 million in debt outstanding, a decrease of \$1.9 million from 2014. The certificates payable are the 260E New Jobs Training Certificates and bonds payable are the revenue bonds for the Lyon Hall and O'Brien Hall apartment style dormitories. The notes payable reflect the debt obligation for the Lifelong Learning and Recreation Center. The capital leases were for a 2008 Cat dozer and a John Deere motor grader which the final payment was made in FY 15. The table below summarizes these amounts by type.

	June 30	
	2015	2014
Certificates Payable	\$ 3,735,000	\$ 5,410,000
Bonds Payable	2,975,000	3,150,000
Notes Payable	2,764,802	2,880,054
Capital Lease	-	28,343
Total	<u>\$ 9,474,802</u>	<u>\$ 11,468,397</u>

More detailed information about the College's outstanding debt is presented in Note 6 to the financial statements.

## **ECONOMIC FACTORS**

Northwest Iowa Community College continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for College officials. Some of the realities that may potentially become challenges for the College to meet are:

- ◆ State Aid annual funding is difficult to predict due to the high variability of state tax receipts. The State Aid appropriation for the fiscal year end 2016 was flat, and state receipts leading into the fiscal year end 2017 budget session indicate that the State Aid appropriation may be minimal as well.
- ◆ While the College has aggressively managed expenses in recent years, it is likely that inflationary forces will result in some increased expenditures. This may have an impact on future tuition adjustments considering State Aid is likely to experience minimal increases in the near term.
- ◆ Facilities at the College require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

The College anticipates the current fiscal year will hold many challenges and we will maintain a close watch over resources to maintain the College's ability to react to unknown issues.

**Contacting the College's Financial Management**

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Northwest Iowa Community College, 603 West Park Street, Sheldon, IA 51201.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	Primary Government
<b>ASSETS</b>	
Current Assets:	
Cash and Pooled Investments	\$ 20,428,445
Other Investments	61,458
Receivables:	
Accounts	740,146
Property Tax:	
Current Year Delinquent	29,390
Succeeding Year	2,183,251
Notes	90
Due from Other Governments	1,328,110
Inventories	266,324
Prepaid Expenses	135,216
Total Current Assets	25,172,430
Noncurrent Assets:	
Foundation Promises to Give	1,343,385
Restricted Foundation Assets	2,594,765
Capital Assets:	
Land	338,966
Construction in Progress	1,538,296
Buildings	27,023,879
Other Structures and Improvements	1,017,800
Furniture, Machinery and Equipment	8,237,223
Software Development	412,457
Accumulated Depreciation	(17,238,210)
Total Noncurrent Assets	25,268,561
<b>Total Assets</b>	<b>50,440,991</b>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	\$ 385,581

See Notes to Financial Statements

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	Primary Government
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 939,932
Salaries and Benefits Payable	332,103
Accrued Interest Payable	15,250
Unearned Revenue	1,767,641
Iowa Industrial New Jobs Training Program	120,845
Early Retirement Payable	165,295
Compensated Absences Payable	34,557
Insurance Reserve	150,000
Deposits Held in Custody for Others	116,289
Certificates Payable	705,000
Notes Payable	117,973
Bonds Payable	180,000
Total Current Liabilities	4,644,885
Noncurrent Liabilities:	
Compensated Absences Payable	311,015
Early Retirement Payable	333,272
Certificates Payable	3,030,000
Notes Payable	2,646,829
Bonds Payable	2,795,000
Net Pension Liability	1,864,524
Net OPEB Obligation	641,284
Total Noncurrent Liabilities	11,621,924
<b>Total Liabilities</b>	<b>16,266,809</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Pension related deferred inflows	711,076
Unavailable Revenue- Future Property Tax	2,183,251
	<b>2,894,327</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	15,590,609
Restricted:	
Nonexpendable:	
Cash Reserve	119,016
Permanent Foundation Assets	378,275
Expendable:	
Temporarily Restricted Foundation Assets	2,738,871
Loans	13,118
Board Restricted Foundation Assets	821,004
Other	1,020,833
Unrestricted	10,983,710
<b>Total Net Position</b>	<b>\$ 31,665,436</b>

See Notes to Financial Statements



**NORTHWEST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015**

	Primary Government
<b>Revenues</b>	
Operating Revenues:	
Tuition and Fees, net of scholarship allowances of \$1,602,872	\$ 3,898,930
Federal Appropriations	1,725,066
Iowa Industrial New Jobs Training Program	669,347
Auxiliary Enterprises, net of scholarship allowances of \$355,698	2,705,396
Special Events, net of related expenses, \$7,719	40,828
Gifts and Contributions	1,936,240
Miscellaneous	117,735
Total Operating Revenues	<u>11,093,542</u>
<b>Expenses</b>	
Operating Expenses:	
Education and Support:	
Liberal Arts and Sciences	1,459,291
Vocational Technical	4,108,206
Adult Education	912,485
Cooperative Services	761,290
Administration	795,186
Student Services	1,109,822
Learning Resources	221,736
Physical Plant	1,511,061
General Institution	1,882,769
Auxiliary Enterprises	2,918,047
Scholarships and Grants	440,059
Depreciation	1,417,288
Total Operating Expenses	<u>17,537,240</u>
Operating (Loss)	(6,443,698)
<b>Non-operating Revenues (Expenses)</b>	
State Appropriations	6,997,917
Property Tax	2,549,134
Interest Income From Investments	139,242
Gain on Disposal of Capital Assets	2,000
Rental of College Facilities	27,459
Interest on Indebtedness	(231,675)
Net Non-operating Revenues	<u>9,484,077</u>
Increase in Net Position	3,040,379
Net Position Beginning of Year	30,949,507
Prior Period Adjustment	(2,324,450)
Net Assets Beginning of Year, as Restated	<u>28,625,057</u>
Net Position End of Year	<u>\$ 31,665,436</u>

See Notes to Financial Statements

**NORTHWEST IOWA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Primary Government
Cash Flows from Operating Activities:	
Tuition and Fees	\$ 3,833,216
Grants and Contracts	1,609,203
Iowa Industrial New Jobs Training Program	710,127
Payments to Employees	(9,799,700)
Payments to Suppliers	(5,488,435)
Net Receipts of NJTP Issuances and Repayments	(2,436,290)
Payments for Scholarships	(440,059)
Auxiliary Enterprise Charges	2,681,073
Other Receipts	1,266,662
Net Cash (Used) by Operating Activities	<u>(8,064,203)</u>
Cash Flows from Non-Capital Financing Activities:	
State Appropriations	6,356,760
Property Tax	2,547,526
Rental of College Facilities	27,459
Agency receipts	201,430
Agency disbursements	(203,154)
Net Cash Provided From Non-Capital Financing Activities	<u>8,930,021</u>
Cash Flows from Capital and Related Financing Activities:	
Aquisition of Capital Assets	(809,256)
Good Faith Deposit Received	24,500
Proceeds from the Sale of Fixed Assets	2,000
Principal Paid on Debt	(318,602)
Interest Paid on Debt	(233,122)
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,334,480)</u>
Cash Flows from Investing Activities:	
Interest on Investments	139,242
Proceeds From Investments	93,852
Purchase of Investments	(100,460)
Net Cash Provided by Investing Activities	<u>132,634</u>
Net (Decrease) in Cash	(336,028)
Cash at Beginning of Year	<u>20,764,473</u>
Cash at End of Year	<u><u>\$ 20,428,445</u></u>

**NORTHWEST IOWA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Primary Government
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating (Loss)	\$ (6,443,698)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	1,417,288
Changes in Assets and Liabilities:	
(Increase) Decrease in Assets:	
Prepaid Assets	(2,323)
Accounts Receivable	(33,098)
NJTP Receivable	104,003
Pledges Receivable	(776,374)
Due From Federal Agencies	(149,288)
Deferred Outflows of Resources	(110,860)
Inventories	8,509
Increase (Decrease) in Liabilities:	
Accounts Payable	(80,550)
Salaries Payable	32,137
Deferred Revenue	(86,737)
Compensated Absences	(3,960)
Early Retirement Payable	(230,525)
Other Postemployment Benefits	(3,248)
Deposits in Custody (non-Agency portion)	(6,908)
Net Pension Liability	(734,647)
Deferred Inflows of Resources	711,076
Certificates Payable	(1,675,000)
Total Adjustments	(1,620,505)
Net Cash (Used) by Operating Activities	\$ (8,064,203)

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

---

**Note 1 - Summary of Significant Accounting Policies**

Northwest Iowa Community College is a publicly supported college, established and operated by Merged Area IV under the provisions of Chapter 260C of the Code of Iowa. Northwest Iowa Community College may offer programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. Northwest Iowa Community College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Northwest Iowa Community College maintains a campus and has its administrative office in Sheldon, Iowa. The Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area IV.

The Community College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Northwest Iowa Community College has included all funds, organizations, agencies, boards, commissions and authorities. The Community College has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Community College are such that exclusion would cause the Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Community College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Community College. Northwest Iowa Community College has included the Northwest Iowa Community College Foundation as a blended component unit that meets the Governmental Accounting Standards Board criteria. Separate financial statements have not been issued for the Foundation.

**Blended Component Unit**

Northwest Iowa Community College Foundation is a legally separate non-profit corporation, whose goal is to provide support to the Community College and students, and whose financial activities are included as endowment funds in these financial statements. Northwest Iowa Community College Foundation primarily receives funds through donations to provide scholarships to students. The governing board of this organization has members who are also officers of the Community College. However, these members do not comprise a majority of the Foundation's board. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Northwest Iowa Community College and its students. The Foundation has also issued debt to assist in the construction of the LLRC, which is being repaid with lease payments from the College.

**B. Basis of Presentation**

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

---

**Note 1 - Summary of Significant Accounting Policies – (Continued)**

Net Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position:

Nonexpendable – Net position subject to externally imposed stipulations that they be maintained permanently by the Community College, including the Community College's permanent endowment funds, and a cash reserve required by Iowa Code.

Expendable – Net position whose use by the Community College is subject to externally imposed stipulations that can be fulfilled by actions of the Community College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Position: Net position that is not subject to externally imposed stipulations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. When an expense is incurred for which both restricted and unrestricted resources are available, the College will first apply restricted resources.

GASB Statement No. 35 also requires that Statements of Net Position, Revenues, Expenses and Changes in Net Position and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the Community College. For the most part, the effect of interfund activity has been removed from these statements.

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, Northwest Iowa Community College is considered a special-purpose government engaged only in business type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Assets, Liabilities, Deferred Inflows of Resources and Net Position

The following accounting policies are followed in preparing the balance sheet:

Cash and Pooled Investments – Investments consist of non-negotiable savings and certificates of deposit and are stated at cost which approximates fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, which approximates fair value. The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

---

**Note 1 - Summary of Significant Accounting Policies – (Continued)**

For the purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Short-Term Interfund Receivables/Payables – During the course of its operations, the Community College had numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received, as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded as “due to other funds” and “due from other funds”, respectively.

Due from Other Governments – This asset represents state aid, grants and reimbursements due from the State of Iowa, grants and reimbursements due from the Federal government, and amounts due from local municipalities.

Inventories – Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Property Tax Receivable – Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Directors to the appropriate County Auditors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the Community College for training projects entered into between the Community College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2015, on NJTP projects, plus interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements and equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are defined by the Community College as assets with initial, individual costs in excess of \$5,000.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

---

**Note 1 - Summary of Significant Accounting Policies – (Continued)**

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u> <u>(In Years)</u>
Buildings	30
Other structures and improvements	30
Equipment	5-10
Vehicles	5-10

The Community College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements. Interest costs incurred during the year were \$231,675 of which none have been capitalized.

Salaries and Benefits Payable – Payroll and related expenses for instructors with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Unearned Revenue – When assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. Unearned revenue consists of tuition deposits, tuition paid for portion of summer term after June 30<sup>th</sup>, unspent grant proceeds and unearned revenue on 260 E and F projects.

Deferred Outflows / Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. Accordingly, the item, unavailable revenues from subsequent year property taxes, is reported. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences – Community College employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences plus related benefits are recorded as liabilities of the appropriate fund. These liabilities have been computed based on rates of pay in effect at June 30, 2015.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

---

**Note 1 - Summary of Significant Accounting Policies – (Continued)**

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, dormitories, parts, printing and reproduction, and trade and industry.

Summer Session – The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are allocated between fiscal years based upon the number of days in the term occurring before and after June 30<sup>th</sup>.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while other payments made directly to students are presented as scholarship expenses.

Operating and Non-Operating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, property tax and interest income.

**E. Scholarship Allowances and Student Aid**

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

**Note 2 - Cash and Pooled Investments**

The Community College's deposits in banks at June 30, 2015, were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. The blended component unit Foundation's deposits exceeded the FDIC coverage at two institutions by a total of \$476,160. The Foundation also owned uninsured investments in various mutual funds.

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements, certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.



**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

---

**Note 2 - Cash and Pooled Investments – (Continued)**

All of the College's investments are in savings accounts, certificates of deposit, Iowa Schools Joint Investment Trust (ISJIT) or money-market accounts, thus cost equals fair value for all of the College's investments with the exception of ISJIT as discussed at Note 1.D. The College protects against interest rate risk by dictating all maturities be of one year or less.

As of June 30, 2015, the College's investments were rated at follows:

Investment Type	Standard & Poors Financial Services
Iowa Schools Joint Investment Trust	AAAm
Mutual Funds, equities (component unit)	Not Rated

**Note 3 - Accounts Receivable and Credit Policies**

Accounts receivable includes \$177,496 of uncollateralized student obligations stated at the amount billed to the student plus any accrued and unpaid interest. The carrying amount of accounts receivable is reduced by an allowance of \$20,181 that reflects management's best estimate of amounts that will not be collected. Management reviews all accounts receivable balances that are delinquent and estimates the portion, if any, of the balance that will not be collected.

Each student is required to pay the balance on their account by the first day of class. However, students do have the option of enrolling with a third party designated by the college which administers a payment plan. The students are required to pay a \$35 fee to participate in the plan, of which NICC receives \$10. The third party handles all collections of payments and remits them to NICC.

**Note 4 - Inventories**

The Community College's inventories at June 30, 2015, are as follows:

Parts, Supplies and Materials	\$ 42,364
Merchandise Held for Resale-Bookstore	146,976
Other-Bookstore	<u>76,984</u>
Total	<u>\$ 266,324</u>

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

**Note 5 - Capital Assets**

Capital assets activity for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End Of Year
Capital Assets, not being depreciated:				
Land	\$ 338,966	\$ -	\$ -	\$ 338,966
Construction in Progress	868,651	910,534	240,889	1,538,296
Total Capital Assets, not being depreciated	1,207,617	910,534	240,889	1,877,262
Capital Assets, being depreciated:				
Buildings	26,707,815	316,064	-	27,023,879
Other Structures and Improvements	1,017,800	-	-	1,017,800
Furniture, Machinery and Equipment	8,077,511	251,292	91,580	8,237,223
Software Development	412,457	-	-	412,457
Total Capital Assets, being depreciated	36,215,583	567,367	91,580	36,691,359
Less Accumulated Depreciation for:				
Buildings and Other Structures and Improvements	10,672,726	779,203	-	11,451,929
Movable Equipment	5,239,776	638,085	91,580	5,786,281
Total Accumulated Depreciation	15,912,502	1,417,288	91,580	17,238,210
Total Capital Assets, Being Depreciated, Net	\$ 20,303,081	\$ (849,921)	\$ -	\$ 19,453,160

Buildings includes \$6,267,847 of assets under capital lease. For further information on this lease, see Note 6.

The College has a lease agreement with the City of Sioux Center for 800 square feet in the Sioux Center Public Library. The agreement was entered effective August 1, 2013, with monthly rent of \$300, through December 31, 2014. There are also renewal options available to extend the agreement annually, which have been exercised.

Beginning July 1, 2013 the College entered into an agreement with M.O.C. Floyd Valley School District, with the school district to provide facilities for the College to operate the NCC College and Career Academy. The agreement calls for an annual payment of \$15,000 for use of the school district facilities and is effective for a period of ten years. The agreement can be terminated individually no later than April 1 of each year.

The primary government construction in progress at year end related to various campus plant and infrastructure projects.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

**Note 5 - Capital Assets – (Continued)**

Reconciliation of Net Investment in Capital Assets:

	<b>Primary Government</b>
Land	\$ 338,966
Construction in Progress	1,538,296
Buildings	27,023,879
Other Structures and Improvements	1,017,800
Furniture, Machinery and Equipment	8,237,223
Software Development	412,457
Accumulated Depreciation	(17,238,210)
Less: Notes Payable	(2,764,802)
Bonds Payable	(2,975,000)
Net Investment in Capital Assets	<u>\$ 15,590,609</u>

**Note 6 – Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2015, is as follows:

	<u>Capital Lease</u>	<u>Notes Payable</u>	<u>Certificates Payable</u>	<u>Bonds Payable</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance Beginning of Year	\$ 28,343	\$ 2,880,054	\$ 5,410,000	\$ 3,150,000	\$ 349,532	\$11,817,929
Additions	-	-	-	-	296,847	296,847
Reductions	28,343	115,252	1,675,000	175,000	300,807	2,294,402
Balance End of Year	<u>-</u>	<u>2,764,802</u>	<u>3,735,000</u>	<u>2,975,000</u>	<u>345,572</u>	<u>9,820,374</u>
Portion Due Within One Year	<u>\$ -</u>	<u>\$ 117,973</u>	<u>\$ 705,000</u>	<u>\$ 180,000</u>	<u>\$ 34,577</u>	<u>\$ 1,037,550</u>

Capital Lease

The College entered into an agreement to lease a John Deere Motor Grader. The agreement is for a period of five years at an interest rate of 3.95%. The lease expired in 2014.

In February 2011, the College leased a 2008 Cat dozer. The agreement is for a period of four years at an interest rate of .27%. The lease expired in 2014.

In FY 2012 the College also entered into a lease agreement with the Northwest Iowa Community College Foundation, which is a blended component unit of the College. The College is leasing the Wellness Center Facility from the Foundation. The term of the lease is thirty years with interest payable at 4%. At completion of the lease, the College will have the option to purchase the facility for \$500. The facility is capitalized on the College's financial statements at a cost of \$6,267,847, with a net book value of \$5,712,585. The original principal amount of the lease was \$2,800,000 as the remaining amounts were funded directly by the college. Pursuant to instruction from GASB 14, the capital lease activity with a blended component unit was eliminated and the outstanding liability is shown as a notes payable in the College financial statements.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

**Note 6 – Changes in Long-Term Liabilities – (Continued)**

Certificates Payable

In accordance with agreements dated between December 9, 1985 and April 2014, the Community College issued certificates totaling \$24,620,000, with interest rates ranging from 1.0% to 8.1% per annum. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default from standby property taxes.

The certificates will mature as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 705,000	\$ 112,338	\$ 817,338
2017	715,000	89,573	804,573
2018	675,000	64,295	739,295
2019	345,000	38,690	383,690
2020	350,000	31,520	381,520
2021-2023	945,000	40,306	985,306
Total	<u>\$ 3,735,000</u>	<u>\$ 376,722</u>	<u>\$ 4,111,722</u>

Bonds Payable

On May 10, 2012, the Community College did a current refunding of its 2007 dormitory building construction bonds. The Community College issued \$1,685,000 dormitory refunding revenue bonds with interest rates ranging from .70% to 3.45%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Plant Fund. This refunding was undertaken to reduce total debt service payments over the next 15 years by \$92,907, with a present value of \$79,870.

On December 1, 2008 the College issued \$1,985,000 of Dormitory Revenue Bonds for the construction of O'Brien Hall Student Housing Complex as allowed by Section 260C.19 of the Code of Iowa. This bond carries a variable interest rate beginning at 3.00%, increasing incrementally each year to a final interest rate of 5.50%.

The Dormitory bonds will mature as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 180,000	\$ 117,443	\$ 297,443
2017	185,000	112,597	297,597
2018	190,000	107,105	297,105
2019	200,000	101,050	301,050
2020	210,000	67,050	277,050
2021-2025	1,055,000	375,615	1,430,615
2026-2029	955,000	95,190	1,050,190
Total	<u>\$2,975,000</u>	<u>\$ 976,050</u>	<u>\$ 3,951,050</u>

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

**Note 6 – Changes in Long-Term Liabilities – (Continued)**

Notes Payable

The College received the proceeds of two notes in FY 2012 to help finance the construction of the LLRC. One note is from Northwest REC for \$200,000, accruing interest at a variable rate equal to one half of the bank prime rate and payable over six years. The second note is from Sheldon Community Development Corp. for \$50,000, which is interest free and to be repaid over 4 years.

In April 2012, the Northwest Iowa Community College Foundation issued USDA backed notes of \$2,800,000 with local lending institutions. The notes accrue interest at 4.0% and are payable over 30 years. The note was used for construction of the LLRC and payments are made by the College through a capital lease arrangement. Per GASB 14, the capital lease between the College and blended component unit have been eliminated.

The notes will mature as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 117,973	\$ 107,815	\$ 225,788
2017	108,869	104,419	213,288
2018	73,128	101,352	174,480
2019	62,733	98,810	161,543
2020	65,060	96,483	161,543
2021-2025	369,110	438,607	807,717
2026-2030	451,963	355,755	807,718
2031-2035	553,416	254,302	807,718
2036-2040	677,609	130,109	807,718
2041-2042	284,941	11,217	296,158
Total	<u>\$2,764,802</u>	<u>\$ 1,698,869</u>	<u>\$ 4,463,671</u>

**Note 7 – Pension Plan**

*Plan description* – IPERS membership is mandatory for employees of the College, except for those covered by another retirement system. Employees of the College are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**Pension Benefits**

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

---

**Note 7 – Pension Plan – (Continued)**

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary).

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**Disability and Death Benefits**

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**Contributions**

Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30 year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the College contributed 8.93 percent for a total rate of 14.88 percent.

The College's total contributions to IPERS for the year ended June 30, 2015 were \$275,699.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

**Note 7 – Pension Plan – (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the College reported a liability of \$1,864,524 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the College's collective proportion was 0.046071 percent, which was an increase of 0.000166 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the College recognized pension expense of \$141,268. At June 30, 2015 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 20,264	\$ -
Changes of assumptions	82,286	-
Net difference between projected and actual earnings on pension plan investments	-	711,076
Changes in proportion and differences between College contributions and proportionate share of contributions	7,332	-
College contributions subsequent to the measurement date	275,699	-
<b>Total</b>	<b>\$ 385,581</b>	<b>\$ 711,076</b>

\$275,699 reported as deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	
2016	\$ (152,096)
2017	(152,096)
2018	(152,096)
2019	(152,096)
2020	7,189
	<u>\$ (601,194)</u>

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

**Note 7 – Pension Plan – (Continued)**

**Actuarial assumptions** – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Salary Increases (effective June 30, 2014)	4.00 to 17 percent average, including inflation. Rates vary by membership group.
Investment Rate of Return (effective June 30, 2014)	7.50 percent per annum, compounded annually, net of pension plan investment expense, and including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Generational Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
US Equity	2.3%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

**Discount rate** – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the College will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

**Note 7 – Pension Plan – (Continued)**

**Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate** - The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	<b>1% Decrease 6.5%</b>	<b>Discount Rate 7.5%</b>	<b>1% Increase 8.5%</b>
College's proportionate share of the net Pension liability	\$ 3,522,965	\$ 1,864,524	\$ 464,627

**Pension plan fiduciary net position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**Note 8 – Teachers Insurance and Annuity Association – College Retirement Equities (TIAA-CREF)**

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Community College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 5.95% and the Community College is required to contribute 8.93%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2015, were \$269,693 and \$179,694, respectively.

**Note 9 – Other Postemployment Benefits (OPEB)**

The College prospectively implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2009.

**Plan Description** – The College operates a single-employer retiree benefit plan which provides medical/dental/prescription drug benefits for retirees and their spouses. There are 103 active and 32 retired members in the plan. Participants must be age 55 or older at retirement and have been actively employed as a full time employee of the College and eligible to participate in the group health plan.

The medical/prescription drug coverage is provided through a fully-insured plan with Alliance Select. The dental coverage is provided through Delta Dental. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

**Funding Policy** – The contribution requirements of plan members are established and may be amended by the College. The College currently finances the retiree benefit plan on a pay-as-you-go basis.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

**Note 9 – Other Postemployment Benefits (OPEB) – (Continued)**

Annual OPEB Cost and Net OPEB Obligation – The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution	\$ 71,294
Interest on net OPEB obligation	29,004
Adjustment to annual required contribution	24,851
Annual OPEB cost	<u>75,447</u>
Contributions made	<u>78,695</u>
Decrease in net OPEB obligation	(3,248)
Net OPEB obligation beginning of year	<u>644,532</u>
Net OPEB obligation end of year	<u>\$ 641,284</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2009 through 2015 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
June 30, 2015	\$ 75,447	1.003%	\$ 641,284
June 30, 2014	165,186	57.71%	644,532
June 30, 2013	165,186	57.71%	574,688
June 30, 2012	165,186	57.71%	504,844
June 30, 2011	194,000	25.26%	435,000
June 30, 2010	194,000	25.26%	290,000
June 30, 2009	194,000	25.26%	145,000

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014, through June 30, 2015, the actuarial accrued liability was \$843,211, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$843,211. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,205,175 and the ratio of the UAAL to covered payroll was 16.19%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

---

**Note 9 – Other Postemployment Benefits (OPEB) – (Continued)**

following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the College's funding policy. The projected annual medical trend rate is 5%.

Mortality rates are from the RP2014 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from Scale MP-2014 of the Actuary's Pension Handbook.

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**Note 10 – New Jobs Training Programs**

The Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area IV in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the Community College has administered seventy-seven projects with thirty currently having project funding available. The forty-seven remaining projects have been completed, and have been fully repaid. In cases where projects exceed the budgeted amounts, the Community College intends to obtain additional withholding revenue from the companies.

The Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Area IV in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a State administered fund. Since inception, the Community College has administered 155 projects, with 4 projects having unspent training dollars at June 30, 2015.

The Community College is also involved in the Iowa Accelerated Career Education (ACE) Program in Area IV in accordance with Chapter 260G of the Code of Iowa. ACE's purpose is to provide financial assistance for business driven training programs. The Community College received state grants for \$291,837 and \$366,666 for the construction of a new facility for the associate degree in nursing program, as well as \$366,666 and \$422,221 for construction involved with a new radiology tech program. In both fiscal years 2007 and 2008 the College was awarded another \$366,666 to be granted as costs for a bio-tech addition are incurred. In fiscal year 2009 the College was allocated \$566,666 through the ACE Program to be used as expenditures are

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

---

**Note 10 – New Jobs Training Programs (Continued)**

incurred for a heavy equipment program facility and in FY 2010, \$366,666 to be used for future expense for a diesel technology program facility. In FY 2011 the College was awarded \$366,666 to be used for future expense related to a substation technician program facility. In FY 2012, the college was awarded \$366,666 to be used for future expense related to a welding program expansion. In FY 2013, 2014 and 2015, the College received \$400,000 to be used for an infrastructure project through the state RIF Program. The second aspect of this program provides funding for the operational costs of a program through withholding credits and a 20% employer match. The Community College has five 260G programs, industrial instrumentation, practical nursing, radiology tech, and two associate nursing programs.

**Note 11 – Termination Benefits**

The College offered a voluntary early retirement plan to its employees during fiscal year 2013. The plan was for retirements effective from May 1, 2013 thru July 31, 2013. Eligible employees must have completed at least ten years of full-time service to the College and must have reached the age of fifty-five on or before the date in which early retirement commences. The application for early retirement is subject to approval by the Board of Directors. This was a one time opportunity. At June 30, 2015, there were five employees with benefits remaining under this program. Currently, there are no plans open for enrollment.

Early retirement benefits are a one-time cash incentive equal to an amount ranging from 2.5% to 3.5%, multiplied by the employee's total number of qualifying years of service, multiplied by the employee's annual base salary at the date of retirement request, with a maximum retirement benefit not to exceed 100% of the employee's annual base salary at the date of request for early retirement. The percentage used is based upon the number of years of service.

The one-time incentives will be paid in two equal installments the first within 60 days of retirement. The second payment will be paid one hundred eighty days thereafter.

Eligible employees of the new plan shall also receive, at no cost to the employee, health/dental coverage for both the employee and spouse for up to 84 months depending upon age.

In fiscal year 2010, the College offered an additional one-time enrollment early retirement plan in which the College offered one-time cash payments, which have all been paid, and no-cost health/dental insurance to the employees and spouses for up to 84 months depending upon age. At June 30, 2015, there were eight employees receiving benefits under this plan.

In fiscal year 2003 the college also offered a one-time enrollment early retirement plan in which the college offered one-time cash payments, which have subsequently been paid, and no cost health/dental coverage to the employees and spouses until age 65. At June 30, 2015 there were two employees receiving health/dental coverage under this plan.

At June 30, 2015, the college has obligations to 15 participants with a total liability of \$498,568. The liability is calculated based on unadjusted premium and incentive amounts to be paid over the term of each employee's involvement in the plan. Early retirement is funded on a pay-as-you-go basis through property tax levies. Actual early retirement cash basis expenditures for the year ended June 30, 2015 totaled \$175,435.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

**Note 12 – Risk Management**

The Community College carries commercial insurance purchased from other insurers for coverage associated with general liability, workers compensation, automobile liability and physical damage, property and inland marine, errors and omissions, crime insurance, fiduciary bonds, boiler and machinery insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Beginning July 1, 2009 the College began to operate a medical expense reimbursement plan. Under the plan the Community College currently purchases a fully insured high deductible healthcare plan and self-funds the deductible and out of pocket maximum down to a lower deductible and out of pocket maximum for employees. The premium savings between the purchased plan and the employee plan is used to fund the claims for employees who exceed their lower deductible plan. The College risk is limited to the difference between the out of pocket maximums of the two plans. Actual claims have not exceeded 70% of the premium savings.

The claims payable, including claims incurred but not yet reported, have been determined by the College's management and have been recorded in the accompanying financial statements. Changes in the claim's liability amount were as follows:

Year Ended June 30	Beginning Balance Liability	Claims and Changes in Estimates	Claim Payments	Ending Balance
2010	\$ -	\$ 121,663	\$ 111,382	\$ 10,281
2011	10,281	65,642	70,883	5,040
2012	5,040	69,617	69,958	4,699
2013	4,699	65,219	64,861	5,057
2014	5,057	97,144	94,902	7,299
2015	7,299	92,514	92,586	7,227

**Note 13 – Promises to Give**

The blended component unit Foundation has held fund-raising campaigns for funding for scholarships and equipment for technical programs. The promises to give as of June 30, 2015 are unconditional and due in 2015 and over the next one to six years. No provision has been made for uncollectible promises to give because the uncollected amount is expected to be insignificant.

Unconditional promises to give at June 30, 2015 are as follows:

Receivable in Fiscal Year Ended	
June 30, 2016	\$ 416,465
June 30, 2017	360,381
June 30, 2018	327,477
June 30, 2019	262,460
June 30, 2020	4,887
Total unconditional promises to give	1,371,670
Less: discounts to net present value	(28,285)
Net unconditional promises to give at June 30, 2015	<u>\$ 1,343,385</u>

Promises to give, which are receivable in more than one year are discounted at 1.60% for 2015.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2015**

---

**Note 14 – Accounting Change / Restatement**

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u><b>Net Position</b></u>
Net Position June 30, 2014, as previously reported	\$ 30,949,507
Net Pension Liability at June 30, 2014	(2,599,171)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>274,721</u>
Net Position July 1, 2014, as restated	<u><u>\$ 28,625,057</u></u>

**Note 15 – Subsequent Events**

On September 15, 2015, the College issued \$1,645,000 Dormitory Revenue Refunding Bonds, Series 2015, to refund the 2008 series bonds. The refunding bonds carry an interest rate of 3%.

On July 15, 2015, the College issued \$1,225,000 INJTP Certificates, Series 2015-1. These will be used for applicable training projects. The certificates carry an average interest rate of 2.76%.

## **REQUIRED SUPPLEMENTARY INFORMATION**

NORTHWEST IOWA COMMUNITY COLLEGE  
POST EMPLOYMENT HEALTHCARE BENEFITS  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2015

Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6/30/2009	7/1/2008 *	\$ -	\$ 1,486,000	\$ 1,486,000	0.00%	\$ 5,456,752	27.2%
6/30/2010	7/1/2008	-	1,486,000	1,486,000	0.00%	5,565,468	26.7%
6/30/2011	7/1/2008	-	1,486,000	1,486,000	0.00%	5,281,580	28.1%
6/30/2012	7/1/2011	-	1,346,966	1,346,966	0.00%	4,593,142	29.3%
6/30/2013	7/1/2011	-	1,346,966	1,346,966	0.00%	5,071,648	26.6%
6/30/2014	7/1/2011	-	1,346,966	1,346,966	0.00%	6,154,151	21.9%
6/30/2015	7/1/2014	-	843,211	843,211	0.00%	5,205,175	16.2%

\* Fiscal 2009 was the first year for calculating the Post Employment Benefit Obligation so information from previous years is not available.



NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL YEAR\*  
(IN THOUSANDS)  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015

---

	2015
College's proportion of the net pension liability	.046071%
College's proportionate share of the net pension liability	\$ 1,865
College's covered-employee payroll	\$ 3,096
College's proportionate share of the net pension liability as a percentage of its covered employee payroll	60.2%
Plan fiduciary net pension as a percentage of the total pension liability	87.61%

\*The amounts presented for each fiscal year were determined as of June 30.

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the College will present information for those years for which information is available.

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF THE COLLEGE CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST TEN YEARS (IN THOUSANDS)  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 276	\$ 275	\$ 257	\$ 231	\$ 193
Contributions in relation to the statutorily required contribution	(276)	(275)	(257)	(231)	(193)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered employee payroll	\$ 3,087	\$ 3,096	\$ 2,969	\$ 2,868	\$ 2,771
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%

	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 188	\$ 169	\$ 147	\$ 145	\$ 136
Contributions in relation to the statutorily required contribution	(188)	(169)	(147)	(145)	(136)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered employee payroll	\$ 2,834	\$ 2,662	\$ 2,427	\$ 2,511	\$ 2,365
Contributions as a percentage of covered-employee payroll	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying independent auditors' report

**NORTHWEST IOWA COMMUNITY COLLEGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2015**

---

**Changes of Benefit Terms:**

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

**Changes of Assumptions**

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

**NORTHWEST IOWA COMMUNITY COLLEGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2015**

---

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

## OTHER SUPPLEMENTARY INFORMATION

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to Other Supplementary Information**  
**June 30, 2015**

---

Supplemental Financial Statements

The supplemental financial information of the Community College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures. The various fund groups and their designated purposes are as follows:

Current Funds – The current funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the Community College and consist of the following:

Unrestricted Fund – The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the Community College. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges and the expenditures for plant assets that are not paid from other funds.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff, and/or institutional departments and which are supplemental to the educational and general objectives of the Community College. In addition, it accounts for activities which provide instructional and laboratory experiences for students and which incidentally create goods and services that may be sold to students, faculty, staff and the general public.

Restricted Fund – The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds – The Loan Funds are used to account for loans to students, and are financed primarily by contributions from private citizens.

Northwest Iowa Community College Foundation- The Northwest Iowa Community College Foundation is reported as blended component unit of the college. A significant portion of the Foundation net assets are restricted by donors where the principal is maintained inviolate and only the income from those funds may be used.

Plant Funds – The Plant Funds are used to account for transactions relating to investment in the Community College properties and consist of the following self-balancing subfunds:

Unexpended – This subfund is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of Indebtedness – This subfund is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

Investment in Plant – This subfund is used to account for the excess of the carrying value of plant assets over the related liabilities.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to Other Supplementary Information**  
**June 30, 2015**

---

Agency Funds – The Agency Funds are used to account for assets held by the Community College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities. Transactions of the Agency Funds represent charges or credits to the individual asset and liability accounts and do not involve measurement of revenues or expenditures.

Schedules presented in the supplemental information are reported using the "current financial resources measurement focus" and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The schedule of revenues, expenditures and changes in fund balance is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Budgetary Comparison Schedule of Expenditures –**  
**Budget and Actual**  
**June 30, 2015**

Funds/Levy	Original/Final Budget	Actual	Variance Between Actual and Budget
Unrestricted	\$ 11,815,000	\$10,693,292	\$ 1,121,708
Restricted	3,700,000	3,418,021	281,979
Unemployment	20,000	706	19,294
Insurance	335,000	268,155	66,845
Early Retirement	-	(55,089)	55,089
Stand-By Tax	90,000	91,507	(1,507)
Equipment Replacement	360,000	102,729	257,271
Total Restricted	4,505,000	3,826,029	678,971
Plant	3,655,000	2,231,345	1,423,655
Total	\$ 19,975,000	\$16,750,666	\$ 3,224,334



**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Note to Supplementary Information –**  
**Budgetary Reporting**  
**June 30, 2015**

---

The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the Community College on a basis consistent with U.S. generally accepted accounting principles. Following required public notice and hearing and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Job Training Partnership Act Accounts, Loan Funds, Endowment Funds, the blended component unit and Agency Funds.

**NORTHWEST IOWA COMMUNITY COLLEGE  
BALANCE SHEET  
JUNE 30, 2015**

	Current Funds				
	Restricted			Loan Funds	NWICC Foundation
	Unrestricted	New Jobs Training	Other Restricted		
<b>Assets</b>					
Cash and Pooled Investments	\$ 10,565,943	\$ 3,855,845	\$ 1,226,214	\$ 13,028	\$ 807,623
Other Investments					61,458
Receivables:					
Accounts	390,520		349,626		
Property Tax:					
Current Year Delinquent	8,613		12,164		
Succeeding Year	764,272		654,707		
Notes				90	
Pledges to Give					1,343,385
Due from Other Governmental Agencies	59,283		208,103		
Due From Northwest Iowa Community College Foundation	142,615				
Accrued Interest Receivable					5,383
Inventories	266,324				
Prepaid Expenses	135,216				
Capital Lease Receivable					2,638,214
Capital Assets					
Land					
Buildings					
Construction in Progress					
Software Development					
Other Structures and Improvements					
Furniture, Machinery and Equipment					
Accumulated Depreciation					
Endowment Investments					2,594,765
<b>Total Assets</b>	<b>12,332,786</b>	<b>3,855,845</b>	<b>2,450,814</b>	<b>13,118</b>	<b>7,450,828</b>
Deferred Outflows of Resources:					
Pension related deferred outflows					
<b>Total Assets and deferred outflows of resources</b>	<b>\$ 12,332,786</b>	<b>\$ 3,855,845</b>	<b>\$ 2,450,814</b>	<b>\$ 13,118</b>	<b>\$7,450,828</b>

Plant Funds					
Unexpended	Retirement of Indebtedness	Investment in Plant	Agency Funds	Adjustments	Total
\$3,866,046			\$ 93,746		\$ 20,428,445
					61,458
					740,146
8,613					29,390
764,272					2,183,251
					90
					1,343,385
1,056,657			4,067		1,328,110
				\$ (142,615)	-
				(5,383)	-
					266,324
					135,216
				(2,638,214)	-
		\$ 338,966			338,966
		27,023,879			27,023,879
		1,538,296			1,538,296
		412,457			412,457
		1,017,800			1,017,800
		8,237,223			8,237,223
				(17,238,210)	(17,238,210)
					2,594,765
5,695,588	-	38,568,621	97,813	(20,024,422)	50,440,991
					385,581
\$5,695,588	\$ -	\$38,568,621	\$ 97,813	\$ (19,638,841)	\$ 50,826,572

**NORTHWEST IOWA COMMUNITY COLLEGE  
BALANCE SHEET  
JUNE 30, 2015**

	Current Funds				
		Restricted			
	Unrestricted	New Jobs Training	Other Restricted	Loan Funds	NWICC Foundation
<b>Liabilities and Equity</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 830,892				
Salaries and Benefits Payable	320,193		\$ 11,910		
Interest Payable					\$ 5,383
Due to Northwest Iowa Community College					142,615
Unearned Revenue	437,110		130,531		
Iowa Industrial New Jobs Training Program		\$ 120,845			
Early Retirement Payable			498,567		
Compensated Absences	339,018				
Insurance Reserve	150,000				
Deposits Held in Custody for Others	25,777				
Certificates Payable		3,735,000			
Capital Lease Payable					
Notes Payable					2,638,214
Bonds Payable					
Net Pension Liability					
Net OPEB Obligation					
Total Liabilities	2,102,990	3,855,845	641,008	-	2,786,212
<b>Deferred Inflows of Resources:</b>					
Pension related deferred inflows					
Unavailaile Revenue- Future Property Tax	764,272		654,707		
Total Deferred Inflows of Resources	764,272	-	654,707	-	-
<b>Fund Balance:</b>					
Net Investment in Capital Assets					
<b>Fund Balances:</b>					
Restricted					
Nonexpendable:					
Cash Reserve			119,016		
Permanent Foundation Net Assets					378,275
Expendable:					
Loans				\$ 13,118	
Board Restricted Foundation Net Assets					821,004
Temporarily Restricted Foundation Net Assets					2,738,871
Other			1,036,083		
Unrestricted	9,465,524				726,486
Total Fund Balances	9,465,524	-	1,155,099	13,118	4,664,616
Total Liabilities, Deferred Inflows and Equity	\$ 12,332,786	\$ 3,855,845	\$ 2,450,814	\$ 13,118	\$7,450,828

Plant Funds					
Unexpended	Retirement of Indebtedness	Investment in Plant	Agency Funds	Adjustments	Total
\$ 108,293			\$ 747		\$ 939,932
					332,103
	\$ 15,250			\$ (5,383)	15,250
				(142,615)	-
1,200,000					1,767,641
					120,845
					498,567
			6,554		345,572
					150,000
			90,512		116,289
					3,735,000
		\$ 2,638,214		(2,638,214)	-
		126,588			2,764,802
		2,975,000			2,975,000
				1,864,524	1,864,524
				641,284	641,284
1,308,293	15,250	5,739,802	97,813	(280,404)	16,266,809
				711,076	711,076
764,272					2,183,251
764,272	-	-	-	711,076	2,894,327
		32,828,819		(17,238,210)	15,590,609
					119,016
					378,275
					13,118
					821,004
					2,738,871
	(15,250)				1,020,833
3,623,023				(2,831,303)	10,983,710
3,623,023	(15,250)	32,828,819	-	(20,069,513)	31,665,436
\$5,695,588	\$ -	\$38,568,621	\$ 97,813	\$ (19,638,841)	\$ 50,826,572

NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND OTHER CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015

	Current Funds		
	Unrestricted	Restricted	
		Jobs Training	Other Restricted
Revenues and other additions:			
General:			
State Appropriations	\$ 4,927,275		\$ 1,007,029
Tuition and Fees	5,501,802		
Property tax	746,732	\$ 91,507	964,163
Federal Appropriations	43,760		1,681,306
Interest on Investments	75,837		7,903
Rental of College Facilities	22,120		
Gifts and Contributions			376,950
Iowa Industrial New Jobs Training Program		669,347	
Special Events, net of related expenses, \$7,719			
Increase in Plant Investment Due to Plant Expenditures			
Increase in Plant Investment Due to Retirement of Debt			
Gain (Loss) on sale of Capital Assets			
Miscellaneous	91,604		26,131
Total General	11,409,130	760,854	4,063,482
Auxiliary Enterprises:			
State Appropriations	137,684		
Tuition and Fees	146,121		
Sales and Services	2,357,305		
Interest on Investments	13,285		
Federal Appropriations	83,945		
Miscellaneous	462,054		
Total Auxiliary Enterprises	3,200,394	-	-
Total Revenues and Other Additions	\$ 14,609,524	\$ 760,854	\$ 4,063,482

Loan Funds	NWICC Foundation	Plant Funds			Adjustments	Total
		Unex- pended	Retirement of Indebtedness	Investment in Plant		
		\$ 1,063,613			\$	6,997,917
					(1,602,872)	3,898,930
		746,732				2,549,134
						1,725,066
	\$ 135,728	27,953			(108,179)	139,242
	5,339					27,459
	1,559,290					1,936,240
						669,347
	40,828					40,828
				\$ 1,236,994	(1,236,994)	-
				318,602	(318,602)	-
		2,000				2,000
						117,735
\$ -	1,741,185	1,840,298	\$ -	1,555,596	(3,266,647)	18,103,898
						137,684
						146,121
					(494,998)	1,862,307
						13,285
						83,945
						462,054
-	-	-	-	-	(494,998)	2,705,396
\$ -	\$ 1,741,185	\$ 1,840,298	\$ -	\$ 1,555,596	\$ (3,761,645)	\$ 20,809,294

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND OTHER CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Current Funds		
	Unrestricted	Jobs Training	Other Restricted
Expenditures and other deductions:			
Education and Support:			
Liberal Arts and Sciences	\$ 1,526,979		
Vocational Technical	3,926,215		\$ 268,798
Adult Education	658,908		280,693
Cooperative Services		\$ 761,290	
Administration	802,805		(5,074)
Student Services	1,123,974		
Learning Resources	195,809		-
Physical Plant	787,355		334,572
General Institution	1,671,247		225,974
Total Education and Support	10,693,292	761,290	1,104,963
Auxiliary Enterprises	2,929,434		
Scholarships and Grants			1,959,776
Plant Asset Acquisitions			
Retirement of Indebtedness			
Disposal of Plant Assets			
Interest on Indebtedness			
Depreciation			
Foundation Program & Supporting Services			
Total Expenditures	13,622,726	761,290	3,064,739
Excess (Deficiency) of Revenues and Other Additions			
Over (Under) Expenditures and Other Deductions	986,798	(436)	998,743
Transfers:			
Mandatory Transfers		436	
Non-mandatory Transfers	(100,663)		(670,700)
Total Transfers	(100,663)	436	(670,700)
Net	886,135	-	328,043
Fund Balances Beginning of Year	8,579,389	-	827,056
Prior Period Adjustment	-	-	-
Fund Balances Beginning of Year, as Restated	8,579,389	-	827,056
Fund Balances End of Year	\$ 9,465,524	\$ -	\$ 1,155,099



Loan Funds	NWICC Foundation	Plant Funds			Adjustments	Total
		Unex- pended	Retirement of Indebtedness	Investment in Plant		
	\$ 24,567				\$ (67,688)	\$ 1,459,291
					(111,374)	4,108,206
					(27,116)	912,485
						761,290
					(9,426)	788,305
					(14,152)	1,109,822
					25,927	221,736
	83,951	\$ 305,116			67	1,511,061
					(14,452)	1,882,769
-	108,518	305,116	-	-	(218,214)	12,754,965
					(11,387)	2,918,047
	438,853				(1,958,570)	440,059
		1,284,372			(1,284,372)	-
			\$ 318,602		(318,602)	-
				\$ 91,580	(91,580)	-
	108,179		231,675		(108,179)	231,675
					1,417,288	1,417,288
	6,881					6,881
-	662,431	1,589,488	550,277	91,580	(2,573,616)	17,768,915
-	1,078,754	250,810	(550,277)	1,464,016	(1,188,029)	3,040,379
		-	-			436
		219,203	551,724			(436)
-	-	219,203	551,724	-	-	-
-	1,078,754	470,013	1,447	1,464,016	(1,188,029)	3,040,379
\$ 13,118	3,585,862	3,153,010	(16,697)	31,364,803	(16,557,034)	30,949,507
-	-	-	-	-	(2,324,450)	(2,324,450)
13,118	3,585,862	3,153,010	(16,697)	31,364,803	(18,881,484)	28,625,057
\$ 13,118	\$ 4,664,616	\$ 3,623,023	\$ (15,250)	\$ 32,828,819	\$ (20,069,513)	\$ 31,665,436

**NORTHWEST IOWA COMMUNITY COLLEGE  
UNRESTRICTED FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
EDUCATION AND SUPPORT  
FOR THE YEAR ENDED JUNE 30, 2015**

	Education		
	Liberal Arts and Science	Vocational Technical	Adult Education
<b>REVENUES</b>			
State Appropriations	\$ 1,743,161	\$ 2,486,872	\$ 688,191
Tuition and Fees	1,905,448	3,157,500	407,462
Property Tax			
Federal Appropriations	29,705		
Rental of College Facilities			
Interest on Investments	720		
Miscellaneous	620	20,737	
	<u>3,679,654</u>	<u>5,665,109</u>	<u>1,095,653</u>
Allocation of Support Services	322,562	508,468	137,683
	<u>4,002,216</u>	<u>6,173,577</u>	<u>1,233,336</u>
<b>Total Revenues</b>			
	4,002,216	6,173,577	1,233,336
<b>EXPENDITURES</b>			
Salaries and Benefits	1,493,620	3,485,539	513,012
Services	21,589	203,730	79,720
Materials and Supplies	11,004	207,800	26,987
Travel	766	25,927	39,189
Miscellaneous		3,219	
	<u>1,526,979</u>	<u>3,926,215</u>	<u>658,908</u>
Allocation of Support Services	1,489,711	2,414,562	676,917
	<u>3,016,690</u>	<u>6,340,777</u>	<u>1,335,825</u>
<b>Total Expenditures</b>			
	3,016,690	6,340,777	1,335,825
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	985,526	(167,200)	(102,488)
<b>TRANSFERS</b>			
Non-Mandatory Transfers In		245,154	
Non-Mandatory Transfers Out		(36)	(24,368)
<b>Net</b>	<u>\$ 985,526</u>	<u>\$ 77,918</u>	<u>\$ (126,856)</u>

Fund Balances Beginning of Year

Fund Balances End of Year

Note: The support services allocations are based on the percentage of contact hours reported.

Support Services					Total Education and Support Services
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	
\$ 6,955		\$ 34	\$ 2,062		\$ 4,927,275
	\$ 31,392				5,501,802
746,732					746,732
14,055					43,760
			22,120		22,120
73,306				\$ 1,811	75,837
15,727	458		15,602	38,460	91,604
856,775	31,850	34	39,784	40,271	11,409,130
(856,775)	(31,850)	(34)	(39,784)	(40,271)	-
-	-	-	-	-	11,409,130
660,871	992,191	156,481	539,263	570,187	8,411,164
110,855	85,800	11,165	116,756	813,001	1,442,616
10,716	34,751	27,105	130,190	232,612	681,165
19,469	11,232	1,058	1,146	29,526	128,313
894				25,921	30,034
802,805	1,123,974	195,809	787,355	1,671,247	10,693,292
(802,805)	(1,123,974)	(195,809)	(787,355)	(1,671,247)	-
-	-	-	-	-	10,693,292
-	-	-	-	-	715,838
		-	(9,060)	28,703	273,857
				(951,043)	(984,507)
\$ -	\$ -	\$ -	\$ (9,060)	\$ (922,340)	5,188
					1,366,684
					\$ 1,371,872

NORTHWEST IOWA COMMUNITY COLLEGE  
UNRESTRICTED FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND OTHER CHANGES IN FUND BALANCE  
AUXILIARY ENTERPRISES  
FOR THE YEAR ENDED JUNE 30, 2015

	Campus Store	Dormitories	Carpentry	Farm
<b>REVENUES</b>				
State Appropriations				
Tuition and Fees				
Sales and Services (Net of Returns)	\$ 821,240	\$ 421,655	\$ 100,000	
Interest on Investments	1,351		2,190	\$ 1,340
Federal Appropriations	2,718			
Miscellaneous		75	150	7,325
Total Revenues	825,309	421,730	102,340	8,665
<b>EXPENDITURES</b>				
Salaries and Benefits	133,673			
Services	21,868	61,753	6,629	
Materials and Supplies	1,241	14,766	2,778	
Travel	1,560			
Cost of Goods Sold	618,147		104,101	
Miscellaneous			1,500	
Total Expenditures	776,489	76,519	115,008	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	48,820	345,211	(12,668)	8,665
<b>TRANSFERS</b>				
Non-Mandatory Transfers In				
Non-Mandatory Transfers Out		(331,477)		
Net	48,820	13,734	(12,668)	8,665
Fund Balance Beginning of Year	438,784	461,898	235,694	135,716
Fund Balance End of Year	\$ 487,604	\$ 475,632	\$ 223,026	\$144,381

Parts	Printing and Reproduction	Trade and Industry	Wellness Center	Heavy Equipment	Other	Total
		\$ 76,383			\$ 61,301	\$ 137,684
			\$ 16,486	\$ 7,974	121,661	146,121
\$371,185	\$ 95,642		220,312	238,194	89,077	2,357,305
476	1,417	1,766			4,745	13,285
					81,227	83,945
	931	124,674	94,746		234,153	462,054
371,661	97,990	202,823	331,544	246,168	592,164	3,200,394
	26,617	266,610	217,397		153,994	798,291
2,448	45,425	105,182	76,269	39,360	253,725	612,659
	8,883	5,504	18,825	125,799	112,132	289,928
		9,719	1,404	299	4,642	17,624
332,667	378				8,860	1,064,153
	1,009		600		143,670	146,779
335,115	82,312	387,015	314,495	165,458	677,023	2,929,434
36,546	15,678	(184,192)	17,049	80,710	(84,859)	270,960
		192,311	107,476	2,197	2,164,373	2,466,357
	(97,105)		(15,000)		(1,412,788)	(1,856,370)
36,546	(81,427)	8,119	109,525	82,907	666,726	880,947
305,752	189,496	293,557	(100,024)	170,503	5,081,329	7,212,705
<u>\$342,298</u>	<u>\$ 108,069</u>	<u>\$301,676</u>	<u>\$ 9,501</u>	<u>\$253,410</u>	<u>\$5,748,055</u>	<u>\$8,093,652</u>

**NORTHWEST IOWA COMMUNITY COLLEGE  
RESTRICTED FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

	Scholarships and Grants	Equipment Replacement	Insurance
<b>REVENUES</b>			
State Appropriations	\$ 311,882		
Property Tax		\$ 331,878	\$ 386,194
Federal Appropriations	1,266,014		
Investment Income			
Iowa Industrial New Jobs Training Program			
Gifts and Grants	376,950		
Miscellaneous			201
Total Revenues	<u>1,954,846</u>	<u>331,878</u>	<u>386,395</u>
<b>EXPENDITURES</b>			
Salaries and Benefits			4,132
Services		28,726	264,023
Material and Supplies		74,003	
Travel			
Interest in Indebtedness			
Federal Pell Grant Program	1,258,029		
Federal Supplemental Educational Opportunity Grant	18,400		
Federal TRIO and Title 3 Grant Program			
Federal College Work Study	2,424		
Iowa College Student Aid Commission	68,114		
Other Misc. State Grants	240,804		
Private Scholarships	372,005		
Total Expenditures	<u>1,959,776</u>	<u>102,729</u>	<u>268,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,930)	229,149	118,240
<b>TRANSFERS</b>			
Non-Mandatory Transfers In			
Non-Mandatory Transfers Out	-	(207,176)	
Net	<u>(4,930)</u>	<u>21,973</u>	<u>118,240</u>
Fund Balances (Deficit) Beginning of Year	<u>(41,866)</u>	<u>283,494</u>	<u>119,301</u>
Fund Balances (Deficit) End of Year	<u>\$ (46,796)</u>	<u>\$ 305,467</u>	<u>\$ 237,541</u>

Unemployment Compensation	Early Retirement	Cash Reserve	Iowa Industrial New Jobs Training Program	Other	Total
\$ 15,215	\$ 230,876		\$ 91,507	\$ 695,147	\$ 1,007,029
				415,292	1,055,670
				7,903	1,681,306
			669,347		7,903
					669,347
					376,950
				25,930	26,131
<u>15,215</u>	<u>230,876</u>	<u>-</u>	<u>760,854</u>	<u>1,144,272</u>	<u>4,824,336</u>
706	(55,089)			438,145	387,894
			571,855	222,300	1,086,904
				55,770	129,773
				35,139	35,139
			189,435		189,435
					1,258,029
					18,400
				9,000	9,000
					2,424
					68,114
				28,108	268,912
					372,005
<u>706</u>	<u>(55,089)</u>	<u>-</u>	<u>761,290</u>	<u>788,462</u>	<u>3,826,029</u>
14,509	285,965	-	(436)	355,810	998,307
			436	-	436
-	-	-	-	(463,524)	(670,700)
<u>14,509</u>	<u>285,965</u>	<u>-</u>	<u>-</u>	<u>(107,714)</u>	<u>328,043</u>
36,134	(770,189)	\$ 119,016	-	1,081,166	827,056
<u>\$ 50,643</u>	<u>\$ (484,224)</u>	<u>\$ 119,016</u>	<u>\$ -</u>	<u>\$ 973,452</u>	<u>\$ 1,155,099</u>

**NORTHWEST IOWA COMMUNITY COLLEGE  
AGENCY FUNDS  
SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Student Clubs and Organizations</u>	<u>NWICC Foundation</u>	<u>Municipal Coordinator</u>	<u>Northwest Iowa Developers</u>	<u>Total</u>
Balance Beginning of Year	\$ 18,890	\$ 68,484	\$ (2,822)	\$ 7,684	\$ 92,236
<b>ADDITIONS</b>					
Tuition and Fees	43,430				43,430
Federal Appropriations	90				90
Interest on Investments		683			683
Transfers from Governmental Funds	10,390	25,000		71	35,461
Miscellaneous	30,393		90,143	1,230	121,766
Total Additions	84,303	25,683	90,143	1,301	201,430
<b>DEDUCTIONS</b>					
Salaries and Benefits	13,469		74,415		87,884
Services and Workshops	33,234	8,934	8,406	1,348	51,922
Material and Supplies	12,768		3,614	7,600	23,982
Travel	29,224	39	243		29,506
Scholarships and Awards	3,960				3,960
Transfers	5,863				5,863
Miscellaneous				37	37
Total Deductions	98,518	8,973	86,678	8,985	203,154
Balance End of Year	<u>\$ 4,675</u>	<u>\$ 85,194</u>	<u>\$ 643</u>	<u>\$ -</u>	<u>\$ 90,512</u>



**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>	<u>New Loans and New Loan Guarantees</u>
Direct:			
U.S. Department of Education:			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	\$ 18,400	
Federal Direct Student Loans	84.268		\$ 2,468,206
Federal Work-Study Program	84.033	18,692	
Federal Pell Grant Program	84.063	1,245,190	
Total for Student Financial Aid Cluster - Note 2		1,282,282	2,468,206
TRIO Student Support Services	84.042	229,661	
Total Direct		1,511,943	2,468,206
Indirect:			
U.S. Department of Education:			
Indirect Through Iowa Department of Education:			
Adult Education - Basic Grants to States	84.002	80,273	
Vocational Education - Basic Grants to States	84.048	100,812	
U.S. Department of Labor:			
Indirect Through Des Moines Area Community College:			
Trade Adjustment Assistance Community College and Career Training Grants	17.282	84,427	
Total Indirect		265,512	-
Total		<u>\$ 1,777,455</u>	<u>\$ 2,468,206</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Note 1 - BASIS OF PRESENTATION- The above Schedule of Expenditures of Federal Awards includes the federal grant activity of Northwest Iowa Community College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - MAJOR PROGRAMS- Total expenditures from the Student Financial Aid Cluster is considered a major program.

NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT  
FOR THE YEAR ENDED JUNE 30, 2015

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and Sciences	15,068	-	15,068	-	-	-
Vocational Education	17,705	-	17,705	-	-	-
Adult and Continuing Education	-	-	-	112,056	16,029	128,085
Cooperative Programs and Services	-	-	-	-	-	-
Related Services and Activities	-	-	-	-	-	-
Total	32,773	-	32,773	112,056	16,029	128,085

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES**

---

	<u>Years Ended June 30,</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Local (Property Tax)	\$ 2,549,134	\$ 2,385,995	\$ 2,115,657	\$ 1,992,406	\$ 1,967,964
State	6,997,917	5,792,288	5,462,870	4,624,742	5,207,160
Federal	1,725,066	1,898,994	2,433,014	2,597,620	2,792,595
Total	<u>\$11,272,117</u>	<u>\$ 10,077,277</u>	<u>\$ 10,011,541</u>	<u>\$ 9,214,768</u>	<u>\$ 9,967,719</u>

---

<u>Years Ended June 30,</u>				
<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 1,779,629	\$ 1,768,786	\$ 1,690,104	\$ 1,643,656	\$ 1,385,528
5,011,201	5,889,594	5,415,475	4,869,290	5,076,529
3,141,024	2,049,512	1,786,600	1,539,091	1,300,358
<u>\$ 9,931,854</u>	<u>\$ 9,707,892</u>	<u>\$ 8,892,179</u>	<u>\$ 8,052,037</u>	<u>\$ 7,762,415</u>

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF CURRENT FUND REVENUES BY SOURCE  
AND EXPENDITURES BY FUNCTION  
FOR THE LAST TEN YEARS**

	Years Ended June 30,			
	2015	2014	2013	2012
<b>Revenues:</b>				
State Appropriations	\$ 5,934,304	\$ 5,774,758	\$ 4,951,716	\$ 4,487,837
Tuition and Fees	5,501,802	5,708,745	5,947,815	5,964,497
Property Tax	1,802,402	1,686,482	1,450,190	1,372,248
Federal Appropriations	1,725,066	1,898,994	2,433,014	2,597,620
Interest on Investments	83,740	82,294	139,836	88,916
Rental of College Facilities	22,120	22,105	10,477	11,245
Iowa Industrial New Jobs Training Program	669,347	1,164,982	1,553,644	797,309
Auxiliary Enterprises	3,200,394	3,225,023	3,062,326	2,653,918
Miscellaneous	494,685	458,707	556,533	347,046
<b>Total</b>	<b>19,433,860</b>	<b>20,022,090</b>	<b>20,105,551</b>	<b>18,320,636</b>
<b>Expenditures:</b>				
Liberal Arts and Sciences	1,526,979	1,559,063	1,526,692	1,533,181
Vocational Technical	4,195,013	4,188,189	4,146,217	3,898,802
Adult Education	939,601	862,331	800,086	786,353
Cooperative Services	761,290	1,265,218	1,553,644	797,309
Administration	797,731	848,720	1,457,598	780,560
Student Services	1,123,974	1,082,088	792,754	802,501
Learning Resources	195,809	195,177	196,738	178,762
Physical Plant	1,121,927	1,237,105	1,121,236	925,288
General Institution	1,897,221	2,038,629	2,244,004	2,178,288
Auxiliary Enterprises	2,929,434	2,882,996	2,588,991	2,330,761
Scholarships and Grants	1,959,776	2,048,104	2,231,111	2,153,826
<b>Total</b>	<b>\$ 17,448,755</b>	<b>\$ 18,207,620</b>	<b>\$ 18,659,071</b>	<b>\$ 16,365,631</b>

Years Ended June 30,					
2011	2010	2009	2008	2007	2006
\$ 4,510,674	\$ 4,367,615	\$ 5,115,582	\$ 5,076,593	\$ 4,592,064	\$ 4,401,131
5,743,853	5,333,185	4,594,816	4,350,441	3,315,756	3,680,573
1,378,718	1,229,209	1,247,766	1,181,464	1,140,891	904,535
2,792,595	3,141,024	2,047,630	1,761,848	1,538,295	1,233,337
94,683	126,051	231,067	538,838	763,782	475,939
6,280	3,828	3,365	3,475	5,319	16,740
552,861	883,794	1,686,323	1,294,012	1,889,462	2,142,573
2,456,803	2,605,378	2,310,922	2,832,983	2,826,435	2,204,798
330,684	366,838	665,201	239,296	371,399	1,004,317
17,867,151	18,056,922	17,902,672	17,278,950	16,443,403	16,063,943
1,378,700	1,220,585	1,188,900	1,112,487	990,573	931,718
3,954,420	3,940,134	3,852,582	3,561,537	3,387,504	3,450,254
795,049	751,832	819,585	760,251	764,969	701,671
552,861	883,794	1,693,281	1,294,012	1,899,727	2,163,105
913,337	1,945,019	673,282	864,847	719,507	1,444,392
775,327	820,053	791,574	739,662	748,640	632,854
171,944	170,356	184,932	183,868	179,450	170,120
889,225	870,342	910,992	842,751	763,413	723,572
2,118,671	2,246,335	2,422,885	2,333,919	2,257,269	1,814,882
2,261,937	2,203,369	2,108,840	2,295,261	2,379,406	2,072,195
2,202,386	1,884,542	1,208,160	1,046,340	840,366	877,555
\$ 16,013,857	\$ 16,936,361	\$ 15,855,013	\$ 15,034,935	\$ 14,930,824	\$ 14,982,318

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

To the Board of Directors  
Northwest Iowa Community College  
Sheldon, Iowa

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northwest Iowa Community College as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated December 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northwest Iowa Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northwest Iowa Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Northwest Iowa Community College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item II-A-15 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### Northwest Iowa Community College's Response to Findings

The College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the College during the course of our audit.

If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.

*Williams & Company, P.C.*  
Certified Public Accountants

December 14, 2015  
Le Mars, Iowa





21 1<sup>st</sup> Avenue NW  
P.O. Box 1010  
Le Mars, IA 51031  
Phone (712) 546-7801  
Fax (712) 546-6543  
www.williamscpas.com

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control  
Over Compliance Required by OMB Circular A-133**

To the Board of Directors  
Northwest Iowa Community College  
Sheldon, Iowa

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Northwest Iowa Community College with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the College complied, in a material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 14, 2015

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

---

**Part I: Summary of the Independent Auditors' Results:**

- (a) An unmodified opinion was issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs as follows:

CFDA Numbers:

Student Financial Assistance Cluster:

84.007	Federal Supplemental Educational Opportunity Grants
84.268	Federal Direct Student Loans
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Northwest Iowa Community College did not qualify as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**MATERIAL WEAKNESS:**

**II-A-15      Financial Reporting**

Condition and Criteria - During the audit, we identified transactions concerning retainage payable, receivables and investments not properly recorded in the College's financial statements and several reclassifications. Adjustments were subsequently made by the College to properly include these amounts in the financial statements.

Effect - The financial information provided by management does not properly present all transactions.

Cause - With a limited number of personnel and current staff workload, they do not allow for adequate review and preparation.

Recommendation - The College should implement procedures to ensure all transactions are properly identified, classified, and included in the College's financial statements.

Response - We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future and monitor this process on a regular basis. However, hiring additional staff to implement additional review would not be cost effective.

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

---

**Part III: Findings and Questioned Costs for Federal Awards**

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were reported.

**Part IV: Other Findings Related to Required Statutory Reporting:**

- 15-IV-A Certified Budget – Total operating expenditures for the year ended June 30, 2015 did not exceed the amount budgeted.
- 15-IV-B Questionable Expenditures – No expenditures that did not meet the requirements of public purpose, as defined in an Attorney General's opinion, dated April 25, 1979, were noted.
- 15-IV-C Travel Expense – No expenditures of the Community College money for travel expenses of spouses of Community College officials or employees were noted. No travel advances to Community College officials or employees were noted.
- 15-IV-D Business Transactions – No non-exempt business transactions between the Community College and the Community College officials or employees were noted.
- 15-IV-E Bond Coverage – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- 15-IV-F Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 15-IV-G Publication – The Community College published a statement of receipts and disbursements of all required funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Chapter 260C.14(12) of the Code of Iowa.
- 15-IV-H Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.
- 15-IV-I Credit/Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the Community College were supported by detailed records maintained by the Community College.

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF PRIOR YEAR FINDINGS FOR FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014**

---

No findings were noted.